



MEMORANDUM

TO: Beverly R. Cameron, City Manager
FROM: Mark Whitley, Assistant City Manager
RE: Assignments of General Fund Balance
DATE: September 12, 2012

ISSUE

The City Council is asked to amend the City's balance sheet by assigning Unassigned General Fund Balance for a variety of important public purposes.

RECOMMENDATION

Staff recommends approval of this resolution, which requires only one reading.

BACKGROUND

The City's General Fund Balance represents the City's ongoing reserves for the main operating fund. Most of the City's General Fund Balance is *Unassigned*, and the City Council may appropriate these funds for any purpose. Best financial practices include maintaining a strong level of Unassigned balance to prevent seasonal short-term borrowing and to provide strong operational reserves.

The attached resolution assigns Unassigned balance for three separate purposes: downtown parking, future renovation of the Renwick building, and school capital needs. An assignment of fund balance is a declaration of City Council's intent to use money in a certain manner in the future. It appears on the balance sheet and its use becomes restricted for that purpose.

Staff notes that the three items listed here are not exclusive or exhaustive in terms of potential assignments. Rather, these three seem to be the highest priority given Council's recent deliberations and the information received from City Schools about growing enrollments.

Assignment #1 – Downtown Parking (Court Related)

The City of Fredericksburg is currently constructing a combined building for the Circuit Court and the General District Court at the intersection of Princess Anne and Charlotte Streets.

In July 2011 an analysis was prepared of the parking requirements and availability of the new courthouse. Scenarios were prepared based on estimates of demand in 2014 and 2030, and based upon "peak" and "non-peak" demand. Estimates include uses by the general public, the

employees, and potential jurors. Variation in demand is expected from the need to select and seat juries for trials.

The analysis found that “peak” parking demand based upon the entire space program for the courts, clerks, and ancillary offices¹ consists of 233 spaces for the year 2014 and 261 spaces for the year 2030. “Non-peak” demand is projected as 174 spaces for the year 2014 and 202 spaces for the year 2030. For the purposes of assigning balance, the City will use 85% of the 2030 peak demand estimate²:

$261 \times 85\% = 222$ spaces (rounded).

The City’s current Zoning Ordinance recognizes a Downtown Parking District, and the court building is within the Downtown Parking District. Section 78-120 (a) of the Zoning Ordinance allows applicants in the Downtown Parking District to pay a fee-in-lieu of providing parking of \$5,500 per space. The project currently provides for nine secure spaces already, and the fee-in-lieu would be calculated on the spaces required less the spaces provided. The fee-in-lieu for the 213 spaces not provided in construction amounts to \$1,171,500.

The attached resolution assigns \$1,171,500 of Unassigned Fund Balance to future parking needs. Providing additional parking spaces downtown is a long-term project, which may be influenced by factors such as future development and the VRE Station in Spotsylvania County. The City will have these funds available as a “down payment” to assist with any future downtown parking project.

Assignment #2 – Future Renovation of the Renwick Building

The schedule for the court project does not call for the Renwick Building to be vacant until spring of 2014. At that point, the Circuit Court and the Circuit Court Clerk will move into the new court building. The City would not be able to conduct substantial renovations until that point, although design work could take place. For planning purposes, most of the construction would of necessity take place in FY 2015 at the earliest.

The original First Choice PPEA proposal, in March 2011, provided a number for Renwick renovation of \$5,991,000. This is a number that would be subject to change based upon the final program for the building, but nevertheless provides City Council with a budget target for future cycles. The proposed resolution begins this process by assigning \$1 million of Unassigned Balance to the future renovation of the Renwick Building. In addition, there may be opportunities throughout the current court project, if cost savings materialize, to bring forward those savings to help fund the future renovation of the Renwick Building.

Assignment #3 – School Capital Needs

The City Schools have seen a major enrollment increase over the past couple of years, and this September the enrollment increase has continued. Hugh Mercer Elementary School has been

¹ Including, but not limited to, the new court building. The entire space program is 107,989 square feet.

² Parking regulations often reflect an 85th percentile demand standard. Source: Todd Litman, “Parking Management: Strategies, Evaluation, and Planning.” July 26, 2012. Victoria Transport Policy Institute.

particularly impacted, to the point where the Fredericksburg City Schools are studying the need for a possible expansion of HMES as their top capital priority. Other school capital needs include the replacement of the roof at Walker-Grant Middle School and renovations of the Original Walker-Grant building.

The Fredericksburg City Public Schools have provided Enrollment Comparison Data for “Day 5” in September.³ Here is a table that presents the results by school:

	September 13, 2010	September 12, 2011	September 10, 2012
Hugh Mercer ES	813	834	867
Lafayette UES	706	723	715
Walker-Grant MS	614	675	656
James Monroe HS	883	859	910
Total	3,016	3,091	3,148

In addition, a recent evaluation for the schools from the Weldon Cooper Center projects the following enrollments over the next few years. It is important to emphasize that these are future projections, and the 2012 projection from Weldon Cooper is slightly higher than the 2012 Day 5 Count.

	2013	2014	2015
Hugh Mercer ES	851	832	823
Lafayette UES	799	865	934
Walker-Grant MS	782	811	852
James Monroe HS	951	1,062	1,140
Total	3,383	3,570	3,749

The general trend is for increased enrollment in City Schools. The attached resolution will assist City Council in meeting future School Capital needs by assigning \$1.2 million of Unassigned Balance to this purpose.

FISCAL IMPACT

The attached resolution assigns a total of \$3,371,500 in Unassigned Fund Balance for the three purposes listed above. In order to spend the funds for the assigned purpose, they will need to be included in the budget, either an original fiscal year budget or a budget amendment.

The City has set an Unassigned General Fund Balance target of 12% of prior year revenues. The 12% target based upon FY 2011 revenues is \$8.9 million. The preliminary target for FY 2013, subject to final audit, will be \$9.63 million.⁴ The City’s Unassigned balance at the close of FY 2011 was \$13,662,911, and additional reserves will be added as a result of FY 2012 activities.

³ These are enrollment figures, and are not the same as “Average Daily Membership” figures that are finalized in March for purposes of school funding.

⁴ Based upon FY 2012 estimated revenues, including the one-time special items for VDOT debt service repayment and insurance adjustments but excluding transfers.



MOTION:

**September 18, 2012
Regular Meeting
Resolution No. 12-**

SECOND:

**RE: ASSIGNING GENERAL FUND BALANCE FOR A VARIETY OF
PURPOSES**

ACTION:

WHEREAS, at the close of FY 2011, the City of Fredericksburg has a total Unassigned General Fund Balance of \$13,662,911; and

WHEREAS, City Council expects additional reserves will be available as a result of FY 2012 activities; and

WHEREAS, the City Council wishes to facilitate planning for important future capital projects, future debt service payments, and other needs by assigning some of the Unassigned General Fund Balance;

NOW, THEREFORE, BE IT RESOLVED that the following assignments of Unassigned General Fund Balance be made for the following purposes:

- 1) \$1,171,500 –Assigned for Future Parking Infrastructure
- 2) \$1,000,000 – Assigned for Future Renovation of the Renwick Circuit Court Building
- 3) \$1,200,000 – Assigned for Future School Capital Needs

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 12- duly adopted at a meeting of the City Council meeting held _____ at which a quorum was present and voted.

***Tonya B. Lacey, CMC
Clerk of Council***